



Governance Quality and Sustainable Development: Evidence from a 2024 Cross-Sectional Study of 60 Countries



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Abstract: This paper aims to examine the association of the specific governance indicators, which are the regulatory quality, the rule of law, and government effectiveness, on sustainable development in 60 countries around the world in 2024. This is explained by the key role that the state institutions and the institutional framework may play in enhancing economic, social, and environmental results and in achieving the Sustainable Development Goals (SDGs). The study employed the quantitative approach that is based on 2024 cross-sectional data. The data were obtained from the 2024 SDG Index and the World Bank's Worldwide Governance Indicators (WGI). The Eviews software was used to compute an Ordinary Least Squares (OLS) multiple linear regression model to examine the relationship between the independent variables (regulatory quality, the rule of law and government effectiveness) and the dependent variable (the SDG Index). The results reflected that the rule of law and the efficacy of the government have a positive and substantial effect on sustainable development, but the regulatory quality did not show a direct significant impact. This shows that sustainable development is based on the unity of the institutional framework which consolidates legal, regulatory, and administrative potential to achieve quantitative results.

Keywords: Regulatory quality; Rule of law; Government effectiveness; Sustainable development; OLS

1. Introduction

Sustainable development is one of the most discussed national agendas in this century interested in balancing the material and immaterial sides of the human society and natural world. Such a structure will ensure that the needs of the current generation will not be met at the expense of the potential of the future generation to do the same. With the introduction of the 2030 Agenda on Sustainable Development, which is a list of seventeen goals that are required to be used to track the progress of the developing nations on the way to sustainable development, the concept of sustainable development has received an increased popularity in the global realm. Recent literature indicates that these are goals that will be achieved due to the economic resources, though with strong correlation to the quality of institutions and the level of good governance (Sachs et al., 2024; United Nations Office for Disaster Risk Reduction, 2023).

In this context, governance has become a significant element in the need to understand the vast difference between the sustainable development level of different countries. When there are strong institutions and effective regulatory systems, slower development indicators are observed to improve faster and to be sustained in a nation, according to studies. Regulatory quality, the rule of law, and government effectiveness are just a few of the many aspects of governance that the World Bank has attempted to quantify. These variables find extensive application in current economic and institutional studies (Kaufmann et al., 2011; World Bank, 2024). All these measures make it apparent that governance is not merely a concept; it affects the real world in such aspects as the government policy, investment, the services offered, and sustainability.

When a government is good at creating and enforcing laws that encourage growth in the private sector and reduce economic distortions, we say that they are regulatory quality. Economic growth and decent work are two aspects of sustainable development that are positively impacted by regulatory quality because of the stable economic environment it fosters, which in turn drives innovation and enhances the efficiency of resource allocation.

Djankov et al. (2006) and the OECD (2023) discovered that the most sustainable economies and the environment than complex regulations, unstable legislation, etc.

An essential component of any system for sustainable development is the rule of law, which signifies adherence to the law, safeguarding of private property, impartial courts, and the elimination of corruption. According to research, our ability to trust institutions, invest, and reduce inequality is all negatively impacted when the rule of law is not in place. This, on its part, complicates the ability to achieve the Sustainable Development Goals (SDG). The rule of law, on the other hand, helps with social justice, makes government expenditure more efficient, and makes institutions more sustainable in the long run (Acemoglu & Robinson, 2019; World Justice Project, 2023).

A good government is one that signs good governance through its quality in the delivery of services, its efficiency in the administration as well as its ability to deliver policies without unnecessary political interference and red tape. The current studies confirm the idea that the effectiveness of the government is strictly linked with the rates of sustainable development, especially in such aspects as health, education, infrastructure, and environmental protection. Empirical research indicates that a balance that allows economic growth and conservation of resources is more likely to be attained in countries with strong governments (Andrews et al., 2017; International Monetary Fund, 2024).

The research looking at the relationship between good governance and societal progress has increased, however the overwhelming majority of studies have not conducted any comparisons between countries instead in studies focusing on only one factor of good governance in the long-term. Also, when it comes to measuring their effects on sustainable development with current data, very few studies have combined regulatory quality, government effectiveness, and the rule of law into a unified model. Also, there is no study of cross-sectional analyses with data on a population of different countries, as well as the use of 2024 data. It should be noted that cross-sectional analysis may be susceptible to internal bias, therefore, the results should be interpreted as correlational relationships, not causal ones (Sachs et al., 2024).

To fill this need, researchers looked at how 60 nations' levels of regulatory quality, rule of law, and government effectiveness might affect sustainable development by the year 2024. This problem is brought about by the fact that the performance of various countries in terms of sustainable development measures is much uneven even when the similar performance of some of the countries is based on similar incomes or resources. This implies that this factor could be determined by institutional factors, and not the conventional economic factors. Thus, with the help of a transparent economic model, the research hopes to provide empirical and scientific explanation as to why this discrepancy is the case.

Using cross-sectional data from 60 countries across a range of development levels, the primary goal of this study is to examine and quantify the statistical influence of regulatory quality, rule of law, and government effectiveness on sustainable development. It will also establish the most impactful variable in the three aspects of governance in order to make policy makers prioritize institutional transformation. An eminent and timely aspect is given to the outcomes because of choosing 2024, which presupposes the latest available data after the COVID-19 pandemic and the world economic context (Human Development Report Office UNDP & Conceicao, 2024; World Bank, 2024). In this way therefore, this study contributes to increasing literature in the field of economics and institutions through advanced comparative research based on the EViews software to form a clear standard framework integrating governance and sustainable development. Its results can be used to provide scientific evidence on which the improvement of better and more enduring policies in the country can be outlined.

Despite the importance of governance indicators, cross-sectional analysis may suffer from endogeneity issues such as reverse causality and omitted variable bias. Therefore, the findings of this study should be interpreted as associations rather than causal relationships.

2. Literature Review

New research shows that good national governance can have an effect on national SDGs in three areas: economics, society, and the environment. To illustrate the point, a comprehensive study that included 65 nations from various areas discovered that high-quality corporations not only lead to better environmental performance and lower emissions, but also had a positive correlation with economic sustainability metrics. This research demonstrated that variables like regulatory capability and the rule of law contribute differently to various facets of growth (Bisogno et al., 2025; Hunjra et al., 2023).

2.1 Regulatory Quality and Sustainable Development

A good institutional structure is directly coupled with the ability of a country to establish and implement policies that facilitate economic activities as well as conserving the environment. Improved regulatory quality boosts green growth and the investment climate, according to recent studies. The outcome of increased investment and increased innovation due to unrestricted and consistent regulatory systems is better indicators of sustainable development in economics (Liu & Zhang, 2024). By way of illustration, a study comparing the BRICS nations revealed a favorable

correlation between green growth performance and governance quality (including regulatory quality), which in turn is linked to development in the social and environmental economic domains. The findings show that positive regulatory policies reduce the level of emissions, result in more sustainable institutions, and better balance between growth and the environment.

In addition, other research has demonstrated that low regulatory quality is frequently linked to subpar economic performance and a failure to meet national development objectives. A nation's ability to respond to social, environmental, and economic issues is hindered by regulatory frameworks that are inconsistent. In order to steer development towards more sustainable paths, regulatory quality is crucial, as this research shows (Ikram & Boudraa, 2025).

However, empirical findings are not always consistent. Some studies suggest that regulatory quality may not have a direct effect on sustainable development, particularly in countries with weak enforcement capacity or high levels of informality. This indicates that governance indicators may operate through indirect or conditional channels.

H1: Regulatory quality has a positive impact on sustainable development.

2.2 Rule of Law and Sustainable Development

The rule of law that guarantees rights, penalizing practices, and justice is the result of increasing investment to the business environment, investor confidence in it. This general principle has long been seen as a constituent element in a good institutional governance. Countries with a strong rule of law tend to have better development results, according to a recent meta-analysis that indicated the rule of law had a relatively beneficial impact on overall economic performance (Shamugia, 2025).

Recent studies have shown that the rule of law has a favorable effect on the proliferation of renewable energy and the adoption of environmentally friendly policies within the framework of sustainable development. Green energy adoption has increased significantly with just a one percent rise in the rule of law, which is a critical step toward attaining sustainable development's environmental objectives (Gu et al., 2024).

According to applied studies in Africa, there is increased performance in economic, social, and environmental development dimensions, which have better rule of law and other rule of governance indicators. The reason is that a better rule of law enhances better institutional base and transparency and efficiency in the environment by the citizens and investors (Adebayo et al., 2025).

H2: The rule of law has a positive impact on sustainable development.

2.3 Government Effectiveness and Sustainable Development

One of the most crucial governance variables strongly associated with increasing sustainable development indicators is government effectiveness, according to the literature. This includes the efficacy of government policymaking, the timeliness and accuracy of government services, and the effectiveness of administrative processes. A thorough European study confirmed the hypothesis that better government performance is associated with greater social and economic sustainability by showing that countries with high government effectiveness scored higher on SDG indicators than those with less effective governments (Bisogno et al., 2025).

In addition, a study of 48 African countries found that government effectiveness and other indices of governance obviously lead to better national economic sustainability. This is related to the extent to which nations can execute all-encompassing development plans, which aim to lessen poverty, raise standards of health care and education, and improve environmental performance (Adebayo et al., 2025).

Another important component of the worldwide sustainable development agenda is the improvement of basic services, which in turn increases social stability and decreases development inequities. Research has established a correlation between increased government effectiveness and these outcomes. This illustrates that government effectiveness extends to deeper consequences on social and economic performance (Almagtome et al., 2020).

H3: Government effectiveness has a positive impact on sustainable development.

In order to achieve sustainable development, all countries must have high levels of regulatory quality, rule of law, and government effectiveness. These indicators are essential to global realization of the SDG, and research findings on them are that, they do not stand alone, but interact with each other so as to create an institutional environment that facilitates economic, social, and environmental development simultaneously.

2.4 Study Theories

The study's explanations of the connection between "sustainable development and regulatory quality, the rule of law, and government effectiveness" are based on a variety of institutional and economic ideas. These theories suggest that the ability of a nation to develop is closely connected to its institutional structure governing the social and economic political behavior and to the effectiveness and sustainability of the state policies (North et al., 2009;

Rodrik, 2023).

New Institutional Economics is one of the most powerful theoretical models that describes the role of institutions in achieving sustainable development. According to this school of thought, the levels of economic efficiency and social stability depend on official and unofficial norms that govern an economy, such as laws and regulations. Good governance and the rule of law, as stated in this theory, are crucial for attaining sustainable development because they decrease uncertainty, promote long-term investment, and assist in the efficient use of resources. This theory provides a foundation for understanding the role of the rule of law and regulatory quality in reducing uncertainty and promoting efficient economic outcomes, which are essential for sustainable development. (Ménard & Shirley, 2014; Voigt, 2013).

Effective State Theory is also in use in the study which focuses on the essence of development and the necessity of good leadership to achieve development goals. According to this, governments with a good history of delivering service to the people and implementing policies will be better placed to find a balance between economic development, social equity, and environmental preservation. Recent studies indicate that the development plans may not work because of the poor governance even though there are good laws and regulations (Evans, 1995; Fukuyama, 2022). This theory directly supports the role of government effectiveness, as it emphasizes the importance of state capacity in delivering public services and implementing development policies.

Sustainable Development theory is associated with the many aspects of governance as envisaged by the Good Governance Theory. Public resource management that is open, accountable, and efficient is the goal of this philosophy, which holds that successful government, good governance, and the rule of law are all interdependent. The good governance in nations with the culture of good governance, according to recent researches (Grindle, 2007; Weiss, 2013), has a faster increase in the indices of sustainable development, including poverty reduction, basic service improvement, and environmental protection.

The study uses institutional sustainability theory which asserts that sustainability requires strong institutions that are able to sustain and adjust to political and economic shocks and not environmental or economic policies only. A well-functioning government, according to this view, is responsible for turning development objectives into observable outcomes, excellent governance strengthens the economic system, and the rule of law guarantees policy continuity. Recent studies suggest that countries that are better-institutionalized have better opportunities at making it to the long-haul than those that are poorly-institutionalized. This framework integrates the three governance dimensions—rule of law, regulatory quality, and government effectiveness—highlighting their combined role in achieving sustainable development outcomes (Biermann et al., 2017; Hickel et al., 2022).

In light of these theoretical frameworks, the current study starts with the idea that "regulatory quality, the rule of law, and government effectiveness" together form an integrated institutional system that affects sustainable development in a positive way. These concepts serve as a good basis to investigate the traditional relationship of variables with cross sectional data of a sample of 60 countries as of 2024 in accordance with the current economic research. Although institutional theories focus on long-term dynamics, this study offers a cross-sectional analysis that reflects relationships over a specific time period.

The relationship between governance indicators and sustainable development can be explained through specific causal pathways. The rule of law enhances institutional trust, reduces uncertainty, and encourages investment, which in turn improves sustainable development outcomes. Government effectiveness improves the quality of public service delivery and policy implementation, leading to better performance in social, economic, and environmental dimensions. Regulatory quality facilitates private sector development and efficient resource allocation, which may contribute to sustainable development, particularly when supported by strong enforcement mechanisms.

3. Methodology

A quantitative analytical technique is being used in this project to quantify the influence of "regulatory quality, the rule of law, and government effectiveness on sustainable development". The quantitative approach involves statistical analysis of variables by use of statistical data in order to test hypotheses in an impartial and accurate way. Creswell & Creswell (2017) stated that it is suitable in cross-sectional research, which aims to compare countries within a specific study time.

The study was developed based on a cross-sectional model using fixed data of a group of countries in the year 2024. We planned to compare variable relationships of the chosen sample using the same period of time. According to Field (2024) and Malhotra (2020), cross-sectional data can be applied to get a picture of the universal environment of dependent variables and the influence of independent ones.

Through purposive sampling, 60 countries across the world were selected to partake in the study and this is a blend of industrialized, growing and developing economies. This variety is aimed at making the model more generalizable and more explanatory. It also contributes to the comparison of the performance of various countries on the indexes of sustainable development and institutional interaction (Taherdoost, 2016).

The variance inflation factor (VIF) test was used to check the model's integrity against the variables of regulatory

quality, rule of law, and government effectiveness. The VIF test is also among the most widely used tests in the econometric research to allow attaining the stability of the regression coefficients and to interpret their economic meanings. A value below 10 shows that there is no repetitive score among the independent variables (O'Brien, 2007).

The dependent variable is the SDG Index, which measures countries' levels of sustainable development by integrating economic, social, and environmental dimensions. According to Sachs et al. (2024) and Zhang (2021), the SDG Index provides a reliable and comprehensive basis for cross-country comparison.

According to the data that is available in the year 2024, the sample encompasses 60 countries. For a country to be considered for inclusion in the study, it needed complete and consistent data on all of the study's variables. These included the SDG Index as well as three governance variables obtained through the World Bank's Worldwide Governance Indicators (WGI): regulatory quality, rule of law, and government effectiveness. The analysis did not include countries whose data was missing or incomplete. Comparison and stability of observations are guaranteed by this procedure.

Government effectiveness, rule of law, and regulatory quality are independent variables. The independent variables all are provided by the WGI database, which is well known to be an effective source of information when conducting the research study aimed at establishing the relationship between the two variables, that is, the governance and development.

The independent variables (regulatory quality, rule of law, and government effectiveness) are measured using the percentile rank of the WGI, which ranges from 0 to 100, where higher values indicate better governance performance relative to other countries. The dependent variable, the SDG Index, also ranges from 0 to 100, reflecting higher levels of sustainable development performance.

Quantitative research often involves secondary data because of the necessity of objective and credible statistical data analysis (Bryman, 2016). Table 1 represents the independent and dependent variables and the data source.

Table 1. Independent and dependent variables and data source

Variable	Definition	Data Source	Variable Type
<i>SD</i>	Sustainable development	SDG	Dependent
<i>RQ</i>	Regulatory quality	WB	Independent
<i>RL</i>	Rule of law	WB	Independent
<i>GE</i>	Government effectiveness	WB	Independent

Based on the theoretical basis and the previous studies, A multiple linear regression estimated by Ordinary Least Squares (OLS) model was applied to analyze the influence of the independent factors on a dependent variable. The mathematical relationship is

$$SDG = \beta_0 + \beta_1(RQ) + \beta_2(RL) + \beta_3(GE) + \varepsilon$$

In order to focus on the integrated and direct relationship with sustainable development, the model has decided to employ the three governance indicators specifically. In the framework of New Institutional Economics and Good Governance Theory, this specification allows for the isolation of the institutional characteristics that are stressed.

Several diagnostic tests were conducted in an effort to make the estimates robust despite the parsimonious specification. These tests included the VIF for multicollinearity, the Breusch- Pagan/White test for heteroskedasticity, and the Cooks Distance for influence diagnostics. In addition, the potential effects of heteroskedasticity were mitigated by using well-established standard errors.

It is possible to statistically confirm the results' significance using this model, which permits evaluating the effect of each independent variable on the dependent variable (Wooldridge, 2016).

Additional economic or social variables, such as GDP per capita or education, were not included to maintain the original research design, which focuses on the relationship between the three governance variables and sustainable development outcomes. However, robust SEs and impact tests were used to ensure that the results obtained for the existing independent variables are robust and stable, and not affected by outliers or variances in variance.

4. Results

The independent variables had modest VIF values: 1.10 for Regulatory quality, 1.14 for the rule of law, and 1.05 for government effectiveness, as shown in Table 2. Being much lower than the generally accepted critical thresholds in econometric research, these values suggest weak linear correlations among the independent variables.

These near-1 values show that there is little linear interference between the independent variables, each of which contributes to understanding a distinct facet of governance. As a result, the regression coefficients are more robust and their estimation is more precise. Regulatory quality, the rule of law, and government effectiveness as they

pertain to sustainable development may be examined independently and with clarity, as this reveals.

Although governance indicators such as rule of law and government effectiveness may exhibit conceptual overlap, the empirical results of the VIF indicate low multicollinearity among the independent variables. This suggests that each variable captures a distinct institutional dimension, allowing for separate estimation of their relationships with sustainable development.

These findings indicate that the model is free of the issue of linear interference. This lends credence to the model's economic interpretations and backs up the results of the multiple linear regression.

Table 2. The variance inflation factor (VIF) results

Test	Regulatory Quality	Rule of Law	Government Effectiveness
VIF	1.10	1.14	1.05

The existence of heteroskedasticity in the model was checked by BreuschPagan/White test. The results gave the value as 0.7, and this implies that there is no heteroskedasticity. This indicates that there is no change in the variance of the residuals with the observations. Thus, the standard errors are reliable to statistical inferences and the OLS estimates are stable.

The distance of each observation was evaluated on the Cook distance. As the number of observations (60) was relatively small, the approximate threshold of $4/N = 0.067$ was situated to determine the presence of the influential observations. The statistics revealed that the observations were all within this limit which implies that there are no influential observations that have a significant influence on the estimates of the model. As a result, the findings may be trusted to examine how the governance indicators are related to sustainable development.

After using the "OLS" method to estimate the parameters of the standard model in "Eviews12", the following results were obtained:

Table 3 shows that the model has strong explanatory power with a R^2 of 0.62, according to the findings of the multiple linear regression analysis using the OLS method. The variables of regulatory quality, rule of law, and government effectiveness explain almost 62% of the variance in sustainable development. The overall statistical significance of the model is supported by the significant results of the F-test at the 5% level, and the adjusted coefficient of determination ($Adj. R^2 = 0.60$) further strengthens the model's reliability. The model residuals do not exhibit any substantial autocorrelation issues, according to the Durbin-Watson test ($DW = 2.2$).

Table 3. Ordinary Least Squares (OLS) results

Variable	Coefficient	S.E	T-statistics	P-value
Constant	21.3	6.3	3.3	0.00
Regulatory quality (<i>RQ</i>)	0.09	0.07	1.2	0.2
Rule of law (<i>RL</i>)	0.5	0.06	7.8	0.00
Government effectiveness (<i>GE</i>)	0.1	0.06	2.1	0.03

Note: R-squared = 0.62, Adj R-squared = 0.60, prop = 0.00, DW (Durbin-Watson test) = 2.2. At the level of 5%

Different independent variables have different levels of statistical significance, according to the results of the OLS multiple linear regression analysis. By all accounts, the rule of law contributes to sustainable development; this is supported by statistical evidence ($r = 0.50, p = 0.00$), which is lower than the 5% level of significance. The significance of legal frameworks, safeguarding rights, and executing laws in promoting institutional stability and long-term development is highlighted by this research, which suggests a substantial correlation between attaining sustainable development and bolstering the rule of law.

Additionally, the results demonstrated that government effectiveness has a positive and statistically significant association on sustainable development ($r = 0.10, p = 0.03$, all of which are below the 5% significance level). Based on these findings, it is clear that raising sustainable development indicators is a direct outcome of bettering the effectiveness of public policy execution and governmental institution efficiency. This has a lesser association than the rule of law, but it is nonetheless statistically and economically substantial.

On the other hand, sustainable development was unaffected by regulation quality ($p = 0.20$, which is greater than the predetermined significance level). Despite a positive coefficient, the variable's lack of statistical significance suggests that regulatory quality may have an indirect or conditioned association on sustainable development in the countries studied. This may be because there are other institutional aspects which may reduce the impact of regulatory quality in the cross section analysis which include the extent of governance at the hands of the people and the efficiency of the law enforcing institutions.

The estimated coefficients also carry meaningful economic interpretation. A one-point increase in the rule of law percentile rank is associated with an increase of approximately 0.50 points in the SDG Index, indicating a substantial improvement in sustainable development outcomes. Similarly, a one-point increase in government effectiveness is associated with a 0.10-point increase in the SDG Index. In contrast, although regulatory quality

shows a positive coefficient (0.09), its lack of statistical significance suggests that its direct contribution to sustainable development is limited within this sample.

5. Discussion

The results of the study illuminated the effectiveness of three governance indicators of sustainable development in 60 countries in 2024: regulatory quality, rule of law, and government effectiveness. Findings clearly indicate correlations and not causal relationships because of the cross-sectional study design and the small sample of control variables. The paper discusses every outcome of the study considering the background of the related theory, past studies, theoretical meaning and hypothesis as discussed below.

Coefficient = 0.50 and P-value = 0.00 show that the rule of law has a highly favorable and statistically significant association on sustainable development. This finding supports Hypothesis 2 (H2), which proposed that nations with better systems of law and order are more likely to attain higher levels of sustainable development. This observation yields in accordance with the tenets of the New Institutional Economics whereby an efficient legal system (among other institutions) will stimulate investment, reduced risk, and will be able to use the available resources better. Good Governance Theory and Institutional Sustainability Theory mentioned by Biermann et al. (2017) and North et al. (2009) refer to the importance of strong law systems in maintaining institutional stability and continuity of policies.

It is in accordance with the results by Shamugia (2025) that found that high levels of legal systems are linked to economic higher performance, and other literature that is used in this work. This finding is in line with previous research by Adebayo et al. (2025) and Gu et al. (2024), which showed that institutions are more transparent and environmental policies are more widely adopted when there is a strong rule of law. No contradictory literature was found during the evaluation and this confirms the strength of this finding. Building trust among investors, reducing corruption, and protecting property rights are crucial for sustainable development (Acemoglu & Robinson, 2019; World Justice Project, 2023). A stable institutional environment is created by a strong rule of law.

A positive and statistically significant effect of government effectiveness on sustainable development was also discovered (Coefficient = 0.10, P-value = 0.03), confirming Hypothesis 3. This argues that achieving SDGs requires governments to be able to carry out their policies effectively, offer high-quality public services, and avoid becoming bogged down in red tape. In line with the conclusions of Effective State Theory that stresses the existence of an efficient leadership in the process of transforming the regulatory frameworks and institutional policies into the visible outcomes of a development (Evans, 1995; Fukuyama, 2022). This is also supported by the Good Governance Theory emphasizing openness, responsibility and quality utilization of state funds.

Almagtome et al. (2020) and Bisogno et al. (2025) were among the researchers that found that nations with higher ratings for government effectiveness also had better results in terms of social and economic sustainability, thus this finding makes sense. In line with this, Adebayo et al. (2025) found out that the ease of executing all-inclusiveness development plan is elevated by good governance, which, consequently, increases the benchmark of healthcare, schools, and the environment. Despite the fact that the rule of law has a larger impact than government effectiveness, the outcome shows that effective administrative structures are necessary to put sustainable development regulations and legislation into practice. It makes sense that the state activities should be determined to utilize available resources to their maximum extent, properly implement the state policies, and achieve the desired social and economic goals (Andrews et al., 2017; International Monetary Fund, 2024).

The results do not support Hypothesis 1 (H1), which states that regulatory quality has a statistically significant effect on sustainable development (Coefficient = 0.09, P-value = 0.20). Although this theoretical framework remains important, according to Ménard & Shirley (2014) and Voigt (2013), regulatory frameworks cannot influence sustainable development outcomes without strong enforcement mechanisms and effective governance structures, as emphasized in New Institutional Economics and Institutional Sustainability Theory. This interpretation is consistent with the empirical findings of the study, where rule of law and government effectiveness exhibit statistically significant positive associations with sustainable development, suggesting that enforcement capacity and institutional effectiveness play a more decisive role than regulatory design alone.

This finding is in line with previous research that suggests that regulatory quality can promote green growth and innovation, but that its direct impact may be limited when measured cross-sectionally, especially in the absence of other institutional factors that support it (Ikram & Boudraa, 2025; Liu & Zhang, 2024). High regulatory quality was linked to improved environmental and economic performance in BRICS nations, which contradicts our findings. The presence of strong institutions, enforcement, government capability among others can make the rules effective and they might act as a facilitating tool as opposed to driving the tool. Regulatory quality alone may not be enough to bring about noticeable gains in sustainable development in nations where these enabling conditions are scarce (Djankov et al., 2006; OECD, 2023).

6. Conclusions

This paper explored the connection between the quality of governance and sustainable development based on

cross sectional data of 60 countries in 2024. The results have displayed that there can be a positive relationship between sustainable development and rule of law and effectiveness of the government, but regulatory quality does not indicate significant direct relationship. These results highlight the importance of institutional enforcement and administrative capacity in shaping sustainable development outcomes.

Through these contributions, the research has a number of limitations. To begin with, cross-sectional data restricts one to drawing causal conclusions about the implications of governance indicators on sustainable development. Second, no extra control variables were provided, which could present possible omitted biases. Third, purposive sampling of the countries can influence the overall applicability of the results. As such, it is recommended that future studies use panel data and extensive model specifications to study these relationships further.

While the model does include robustness tests, it does not include additional control variables commonly used in cross-country analysis, such as GDP per capita or even education level. Statistical connections, rather than causal linkages, should be inferred from the results. If future research wants to make sure the model is valid, they can add extra structural and macroeconomic controls.

Recommendations and Contributions

This paper adds to the existing knowledge in the literature because it offers the current cross-sectional data regarding the relationship between quality of governance and sustainable development with new 2024 data. It particularly identifies the relative significance of the rule of law and government effectiveness over regulatory quality in the interpretation of differences in SDG performance among countries. The research further brings a very specific empirical evaluation of major dimensions of governance in a singular analytical paradigm to add to the current discourse of the relevance of institutional quality in sustainable development.

According to empirical evidence, the study recommends that more efforts must be made by strengthening institutional enforcement mechanisms, especially by increasing the rule of law and the effectiveness of the government, because those aspects seem to be more directly connected to the outcome of sustainable development. Although the regulatory quality is relevant, its efficiency can be influenced by the institutional environment, such as enforcement capacities and efficiency in administration. Hence, policy initiatives must be holistic addressing not just regulatory reforms but also institutional empowerment.

Data Availability

The data used to support the research findings are available from the corresponding author upon request.

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Conflicts of Interest

The author declares no conflicts of interest.

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